

115TH CONGRESS
1ST SESSION

H. R. 3973

AN ACT

To amend the Securities Exchange Act of 1934 to require certain entities to develop internal risk control mechanisms to safeguard and govern the storage of market data.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Market Data Protec-
3 tion Act of 2017”.

4 **SEC. 2. INTERNAL RISK CONTROLS.**

5 The Securities Exchange Act of 1934 (15 U.S.C. 78a
6 et seq.) is amended—

7 (1) by inserting after section 4E the following:

8 **“SEC. 4F. INTERNAL RISK CONTROLS.**

9 “(a) IN GENERAL.—Each of the following entities, in
10 consultation with the Chief Economist, shall develop com-
11 prehensive internal risk control mechanisms to safeguard
12 and govern the storage of all market data by such entity,
13 all market data sharing agreements of such entity, and
14 all academic research performed at such entity using mar-
15 ket data:

16 “(1) The Commission.

17 “(2) Each national securities association reg-
18 istered pursuant to section 15A.

19 “(3) The operator of the consolidated audit
20 trail created by a national market system plan ap-
21 proved pursuant to section 242.613 of title 17, Code
22 of Federal Regulations (or any successor regulation).

23 “(b) CONSOLIDATED AUDIT TRAIL PROHIBITED
24 FROM ACCEPTING MARKET DATA UNTIL MECHANISMS
25 DEVELOPED.—The operator described in paragraph (3) of
26 subsection (a) may not accept market data (or shall cease

1 accepting market data) until the operator has developed
 2 the mechanisms required by such subsection. Any require-
 3 ment for a person to provide market data to the operator
 4 shall not apply during any time when the operator is pro-
 5 hibited by this subsection from accepting such data.

6 “(c) TREATMENT OF PREVIOUSLY DEVELOPED
 7 MECHANISMS.—The development of comprehensive inter-
 8 nal risk control mechanisms required by subsection (a)
 9 may occur, in whole or in part, before the date of the en-
 10 actment of this section, if such development and such
 11 mechanisms meet the requirements of such subsection (in-
 12 cluding consultation with the Chief Economist).”; and

13 (2) in section 3(a)—

14 (A) by redesignating the second paragraph
 15 (80) (relating to funding portals) as paragraph
 16 (81); and

17 (B) by adding at the end the following:

18 “(82) CHIEF ECONOMIST.—The term ‘Chief
 19 Economist’ means the Director of the Division of
 20 Economic and Risk Analysis, or an employee of the

- 1 Commission with comparable authority, as deter-
- 2 mined by the Commission.”.

Passed the House of Representatives November 13,
2017.

Attest:

Clerk.

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